

## Paul Ryan punts on tax reform

By Suzy Khimm , Updated: March 12, 2013

At first glance, the tax reforms in Paul Ryan's [new budget](#) simply seem like a rehash of his previous proposals. But in subtle ways, Ryan has watered down his own tax reform plan, making it more vague and less definitive—and concluding that it's simply not his job to lay out the specifics.

Last year, Ryan's budget [called for](#) a simplification of the individual tax code that would “consolidate the current six individual income tax brackets into just two brackets of 10 and 25 percent.” This year, Ryan (R-Wis.) has hedged his own goal: While [his new budget](#) similarly calls for two-bracket code, it only commits fully to a lower-bound bracket of 10 percent. Notably, it frames the upper-bound target as something to aspire to, rather than set in stone, with “a goal of achieving a top individual rate of 25 percent.”

For experts like the Tax Policy Center's Bob Williams, it's a difference with a real distinction. “It's explicit in not saying the top rate will be 25 percent—it's the *goal* of being 25 percent,” Williams said. “There's not a lot of there there.” That could give House Republicans more flexibility in pursuing tax cuts that may be less ambitious than what Ryan and others had proposed before the 2012 presidential election. But it also makes it harder to pin Ryan's tax plan down and for outside analysts to evaluate exactly how it would impact our fiscal future and ordinary Americans.

What's more, Ryan's FY 2014 budget says even less about what it would take to get rates that low without losing a ton of revenue and progressivity in the tax code. In last year's budget, Ryan proposed to “broaden the tax base to maintain revenue growth at a level consistent with current tax policy.” Though Ryan didn't explain which specific tax preferences he'd target to achieve this—a problem that continued to dog him and GOP presidential candidate Mitt Romney on the campaign trail—the statement confirms a commitment to paying for tax cuts by getting rid of tax expenditures and loopholes.

This year, Ryan is even more vague about how he'd simplify the code and lower taxes without disproportionately impacting revenues or lower-income Americans. The budget he proposed Tuesday only commits to “making the tax code simpler and fairer,” without any mention of the kind of base-broadening that's become synonymous with junking certain tax preferences. So it's even less clear how Ryan's proposed tax cuts would be achieved without blowing a big hole in the budget. And if individual rates were ultimately lowered to 10 percent and 25 percent, or thereabouts, you would have to focus on targeting tax breaks for the very richest Americans to keep some semblance of progressivity in the tax code.

“There's an awful lot of work between here and there,” Williams concludes.

That said, Ryan hints at the rationale behind the new vagueness: His budget is meant to

“accomodat[e] the forthcoming work by House Ways and Means Committee Chairman Dave Camp,” who’s vowed to tackle comprehensive tax reform this year. Camp (R-Mich.), however, is still in early stages of his own work, so he doesn’t have a detailed plan either.

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